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Hungary

Poultry and Products

Annual

2002

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Report Highlights: Moderate feed price levels helped broiler and turkey production in 2002. Moderate increases in production are expected for 2003. Exports will increase in 2003, although a reduction in export subsidies by the government and a strong domestic currency will hurt competitiveness. Hungary can not fully exploit preferential export quotas to the EU and poultry meat imports from the EU are increasing.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Vienna [AU1], HU

Production - General

Opening stocks of hens and layers in 2002 were 11 percent above the 2001 level. Chick production increased slightly (1-2 percent) in the first half of 2002. Further modest increases are expected for the second half of the year.

The pace of the increase in turkey production slowed in the second half of 2001, but slaughter turkey production still grew more than 9 percent in the first half of 2002. Similarly to chicken, production will increase in the second half of 2002.

For both chicken and turkey, production increases will be modest in 2003. Feed prices will be higher in the next year, and the modest pace of investments can not fully compensate for the drag that outdated technologies are placing on some producers. In the area of slaughtering and processing, there is enough existing excess capacities to accommodate production growth for the next several years.

Production Factors

Due to a saturated feedgrains markets in the 2001/2002 crop year, chicken and turkey feed prices were 10-12 percent lower than in 2000/2001. Lower feed prices could counterbalance the negative effects of higher energy costs, and contribute to low domestic and export poultry prices.

Consumption

Consumption of chicken reached a peak in 2001. Food safety concerns, fueled by imported Belgian chicken fed by adulterated Asian feed, reduced consumption at the beginning of 2002.

Consumer demand has come back since then, but other negative factors remain including a rebound in the consumption of beef and pork and a strong national currency.

Increasing consumption and exports of value-added turkey products - stable and stable demand from processors - has kept the turkey market strong, even if the rate of production increases has slowed.

Per capita consumption of main food items:

	1997	1998	1999
Meat & products, kg	60.0	61.8	61.5
of which Beef	5.2	5.0	4.2
Pork	26.5	27.0	27.0
Poultry	24.4	26.8	27.2
Fish, kg	2.5	2.8	2.8

Milk & Dairy, kg	158.4	151.8	154.3
Eggs, kg	15.0	15.0	14.8
Fats & Oils, kg	36.0	36.7	34.8
of which Lard	18.0	17.4	18.2
Butter	1.5	1.1	0.9
Veg.oil, Margarine	15.5	16.6	13.7

Source: Central Statistical Office, Hungarian Statistical Yearbook, 1998-2000

Trade

Overall Trade

Export of chicken meat grew 10 percent in 2001. The increase was the highest for thighs and boneless breasts. In the first half of 2002, export sales were 14 percent below the same period in 2001. The reasons for this decline are: depressed prices, an end to government export subsidies, and the strong national currency. However, the second half of 2002 will see strong exports and for the year exports should rise 3-4 percent over last year's volumes.

Turkey exports expanded by 6 percent in 2001. Sales of whole turkeys have decreased by about 5-8 percent per year and the increase is driven by the sale of turkey parts.

Hungary receives a 112,000 MT duty free quota from the EU and opened a 16,500 MT import quota for poultry coming from the EU for 2002. The quota automatically increases 10 percent every year. However, much of the quota is reserved for whole chicken, which is not traditionally a competitive Hungarian export product. This is why Hungary only filled two thirds of the quota 2001 and it will likely do the same in 2002 and 2003.

Hungary tried to expand its poultry sales to Russia, once a major destination for the country's poultry products, but due to marketing and financing shortcomings this market is not considered a factor at this time.

Poultry meat imports come mainly from EU countries. Imported products are either cheap meat cuts for further processing (poultry Verona sausage, frankfurters etc.) or edible organs such as chicken liver. Imports of breasts or thighs are small and occur only during brief periods of short supply.

The United States is maintaining its leading position as a supplier of poultry genetics to Hungary.

Export Trade Matrix			
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Country	Hungary		
Commodity	Poultry, Meat, Broiler		
Time period	2001	Units:	MT
Exports for:			1
U.S.		U.S.	
Others		Others	
Germany	12338		
Switzerland	3703		
France	2580		
Italy	2923		
Netherlands	2079		
Total for Others	23623		0
Others not Listed	19414		
Grand Total	43037		0

Import Trade Matrix			
Country	Hungary		
Commodity	Poultry, Meat, Broiler		
Time period	2001	Units:	MT.
Imports for:			1
U.S.		U.S.	
Others		Others	
Netherlands	4159		
Great Britain	1523		
Germany	2005		
Belgium	5133		
Total for Others	12820		0
Others not Listed	5546		

Grand Total	18366		0
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Export Trade Matrix			
Country	Hungary		
Commodity	Poultry, Meat, Turkey		
Time period	2001	Units:	MT
Exports for:			1
U.S.		U.S.	
Others		Others	
Germany	10829		
Italy	3722		
Austria	2703		
Total for Others	17254		0
Others not Listed	10089		
Grand Total	27343		0

Import Trade Matrix			
Country	Hungary		
Commodity	Poultry, Meat, Turkey		
Time period	2001	Units:	MT
Imports for:			1
U.S.		U.S.	
Others		Others	
Italy	2368		
France	1401		
Great Britain	1192		
Germany	563		

Total for Others	5524		0
Others not Listed	1198		
Grand Total	6722		0

Note: the above figures contain edible meat and intestines of broilers, hen and roosters

Source: Statistical Yearbook of External Trade 2001, Central Statistical Office, Hungary

Export Subsidies

The government of Hungary did not extent the last Minister of Agriculture's Decree granting direct subsidies on agricultural exports (the Decree expired on December 31, 2001).

Under WTO rules, Hungary is allowed to give direct export subsidies for 16 groups of commodities (112 individual commodities) with specific export volume limits and an overall budget ceiling of HUF 14.6 billion (USD 53 million). On the top of all these, Hungary may not use export subsidies for sales to "non traditional markets" such as the Americans, the Pacific region, Eastern Asia.

Under pressure from producers, the Government finally launched a temporary export support program for whole chicken. The program will last for six months (starting in May, 2002), up will include to a 4,000 MT. The support is HUF 80/kg (USD 0.3/kg) for exports to any country excluding the EU and CEFTA countries or HUF 50/kg (USD 0.2/kg) if the destination is a CEFTA country. The most important buyers of Hungarian chicken are EU countries and this is why the above support measure will have a major effect on the exports.

Tariff Changes

The following table contains import tariffs for live poultry and poultry products for 2002. Most Favored Nation (MFN) tariffs mean the general tariff level. Based on free trade agreements with the EU, EFTA, Turkey, Israel, Bulgaria, Czech Republic, Estonia, Latvia, Poland, Romania, Slovakia, and Slovenia (the latter eight countries will be referred to later as "CEFTA") the tariff schedule may contain preferential tariffs or preferential (country specific) TRQs).

Tariffs of poultry and poultry products (CY 2002)				
	Breeder Poultry		Poultry Meat	
	Chicken	Turkey	Chicken	Turkey
HS code	0105 11 11 00	0105 12	0207 14	0207 24
MFN tariffs	22	37.4	39	39

Preferential tariffs				
CEFTA Cz tariffs	9	9	20	15
CEFTA SI tariffs	9	9	20	15
CEFTA Po tariffs	9	9	28	28
CEFTA Ro tariffs	9	9		
			Liver from any poultry	
EU	0	0	0	
Preferential tariffs under quota				
	All breeder poultry		Poultry meat and edible offal	
EU Quota (MT)	70		16,500	
EU Tariff	0		0	
GATT Quota (MT)**	11425*			
GATT Tariff	15			
	* Joint quota for poultry meat and live animals (HS 0105, 0207)			
Unilaterally given TRQs**				
Quota	For 3.7 million pc baby poultry and 8.6 million hatching eggs			
Tariff	0			
	** Open for all countries			

PS&D - Chicken

PSD Table						
Country	Hungary					
Commodity	Poultry, Meat, Broiler				(1000 MT)(MIL HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	10	0	10	0	10	0
Production	200	200	200	205	0	200
Whole, Imports	0	0	0	0	0	0
Parts, Imports	13	16	14	14	0	15
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	16	0	14	0	0
TOTAL Imports	13	16	14	14	0	15
TOTAL SUPPLY	223	216	224	219	10	215
Whole, Exports	8	8	8	8	0	10
Parts, Exports	22	22	22	24	0	22
Intra EC Exports	18	18	18	18	0	18
Other Exports	12	12	12	12	0	14
TOTAL Exports	30	30	30	32	0	32
Human Consumption	175	186	174	187	0	183
Other Use, Losses	8	0	10	0	0	0
Total Dom. Consumption	183	186	184	187	0	183
TOTAL Use	213	216	214	219	0	215
Ending Stocks	10	0	10	0	0	0
TOTAL DISTRIBUTION	223	216	224	219	0	215
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

PS&D Turkey

PSD Table						
Country	Hungary					
Commodity	Poultry, Meat, Turkey				(1000 MT)(MIL HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	84	84	88	88	0	90
Whole, Imports	0	0	0	0	0	0
Parts, Imports	3	9	2	5	0	5
Intra EC Imports	0	0	0	0	0	0
Other Imports	3	9	2	5	0	5
TOTAL Imports	3	9	2	5	0	5
TOTAL SUPPLY	87	93	90	93	0	95
Whole, Exports	1	1	2	2	0	3
Parts, Exports	27	23	28	28	0	29
Intra EC Exports	14	13	16	16	0	17
Other Exports	14	10	14	14	0	15
TOTAL Exports	28	24	30	30	0	32
Human Consumption	55	69	55	63	0	63
Other Use, Losses	4	0	5	0	0	0
Total Dom. Consumption	59	69	60	63	0	63
TOTAL Use	87	93	90	93	0	95
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	87	93	90	93	0	95
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0